STATEMENT OF FRAN P. MAINELLA, DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, RECREATION AND PUBLIC LANDS OF THE HOUSE COMMITTEE ON RESOURCES, ON THE NATIONAL PARK SERVICE'S FISCAL YEAR 2005 BUDGET REQUEST AND THE DEFERRED MAINTENANCE BACKLOG

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Mr. Chairman, thank you for the opportunity to appear before your subcommittee to discuss the Fiscal Year 2005 budget request for the National Park Service and the Service's efforts to address the deferred maintenance backlog in our national parks.

FY 2005 Budget Request

The FY 2005 budget request of about $2.4 billion would increase appropriated funding for the National Park Service by over $100 million above the FY 2004 level, or over four percent. This budget proposal demonstrates a strong commitment to sustaining the National Park System, with emphasis on reducing the maintenance backlog, strengthening law enforcement and improving visitor safety programs, enhancing resource management, and expanding partnership and volunteer activities.

Along with the $2.4 billion provided through appropriations to the Department of the Interior, other sources of funding also support the National Park System. Under the President's proposed highway authorization bill, through the Federal Lands Highway Program the National Park Service is slated to receive $310 million for park roads. This funding is provided through the Department of Transportation appropriations bill. We also receive funding from recreational fees, concession fees, donations, and other non-appropriated sources. The transportation funding and non-appropriated revenues contribute significantly to addressing the deferred maintenance backlog. Those sources also enable the National Park Service to carry out many important park-related projects and activities that might otherwise not be possible.

I want to briefly mention a few highlights of the FY 2005 budget request before delving more deeply into park maintenance issues.

- *Resource Protection*. Our budget proposes a $4.6 million increase for the Natural Resource Challenge, the agency's multi-year effort to increase knowledge about and protection of the natural resources under our stewardship. This effort, initiated in 2000, is an integral part of the National Park Service's efforts to develop a scientific base of knowledge about park resources. We also propose, for the first time, $10 million for "Preserve America" grants, an initiative announced by the First Lady to help communities preserve historic places by integrating them into heritage tourism initiatives and other contemporary uses of historic properties. The new Preserve America grants complement the $30 million proposed for Save America's Treasures.
- *Law Enforcement.* Along with a $4.7 million increase requested for law enforcement at specific parks, the budget includes an increase of $7.7 million to strengthen other law enforcement and protection efforts. This funding increase would support regional special agents, the collection and analysis of law enforcement data, the establishment of central management of law enforcement at our Washington, D.C. office, additional terrorist threat preparedness for the U.S.

Park Police, and security for the 2005 Presidential inauguration. Cumulatively since September 11, 2001, we have enhanced security with additional base funds totaling $41 million for park police, national icons, border protection, and other law enforcement efforts.

- *Partnership Initiatives*.
    - The budget request includes $21 million for the Cooperative Conservation Initiative. Proposed as part of the Land and Water Conservation Fund, most of this funding would provide expanded opportunities for partner participation through the Challenge Cost Share Program. The Challenge Cost Share Program under the Cooperative Conservation Initiative, which funds projects based on a one-to-one or better match in funds, helps the National Park Service undertake land restoration and conservation projects that leverage Federal dollars through partnerships. These grants enable the National Park Service to work cooperatively with gateway communities and other partners to advance Secretary Norton's vision of cooperative conservation. In FY 2003, the National Park Service issued 72 CCI challenge cost-share grants to over 200 partners who more than matched $5 million of Federal funds.
    - We propose an increase of $850,000 for another important partnership initiative, the Volunteers in Parks Program. The additional funding will pay for training, supervising, and utilizing an anticipated increase in volunteers expected in the Senior Ranger program, as well as enhancing our internal coordination and oversight of both volunteer and partnership

programs. These partnerships give opportunities for Americans to enjoy and strengthen their ties to the Nation's parks.

  - Land and Water Conservation Fund state grants, a matching-fund program to provide open space and recreational facilities, would receive $91 million.

- *Park Operations*. Overall park operations and maintenance funding would increase by about $77 million, nearly five percent, over FY 2004. That figure includes $22 million in programmatic increases for 73 parks. The majority of that funding would be used for preventive maintenance at parks with high-priority buildings and for increased law enforcement and security at parks along the U.S.-Mexico border and at icon parks, such as the Statue of Liberty National Memorial. About one-third of the $22 million would be directed to new National Park Service responsibilities, such as establishing operations at the recently created Flight 93 Memorial in Pennsylvania and providing maintenance and visitor services for the new World War II Memorial on the National Mall.
- *Land Acquisition*. The Federal land acquisition request is $84 million. Nearly half—$40 million—is proposed for potential acquisition of a portion of the oil and gas holdings underlying Big Cypress National Preserve. Interior is prepared to continue to work with the mineral rights holder using the Department's new guidelines and procedures for appraisals for land acquisitions and exchanges. Funding would also support acquiring the site for the Flight 93 National Memorial, Civil War battlefield grants, and other high priority acquisitions.

- *President's Management Agenda*. We propose an increase of $8 million to meet our commitment to the President's Management Agenda. Funds will help improve management and performance of the National Park Service by supporting information technology improvements and security enhancements, and by strengthening financial management and performance budgeting.

Deferred Maintenance Backlog

In addition to the budget highlights just described, addressing the backlog of deferred maintenance in our national parks continues as one of the Administration's highest budget priorities for the National Park Service. We again reflect that priority in this year's request of $1.112 billion to address deferred maintenance of park facilities and roads. This is nearly double the amount for the same categories just seven years ago. With this request, we are on track to exceed the President's goal of investing $4.9 billion over five years to address the backlog by improving facilities and roads in our parks. In the four budgets of this Administration, nearly $3.9 billion to date has been proposed to address deferred maintenance in parks. The funds provided are achieving tangible results. The National Park Service has undertaken over 1,300 projects using repair and rehabilitation funding in FY 2001-2003 with another 400 more anticipated to be done in FY 2004.

Examples of major construction and rehabilitation projects include:

- $4.1 million for Lava Beds National Monument in California to relocate the visitor center away from fragile underground resources;

- $2.1 million for Yellowstone National Park to replace a wastewater treatment plant and relocate sewer lines;
- $3.3 million for Acadia National Park to rehabilitate the historic carriage road bridges to correct drainage and waterproofing problems; and
- $1.9 million proposed in the FY 2005 budget for Fort Larned National Historic Site in Kansas to correct structural problems in the Old Commissary and stabilize and restore the North Officers' Quarters.

Park roads make up a significant portion of the deferred maintenance backlog. The President's proposal for the next highway authorization bill contains at least $300 million annually for National Park Service transportation, which is roughly double the amount of funding made available for park roads under the last six-year authorization. This is the amount needed to raise the overall condition of our road network from mostly poor to acceptable. Current versions of the legislation under consideration in Congress would not enable us to meet this goal. The Administration will be working closely with Congress as the legislative process continues to try to sustain the President's objectives.

Complementing these efforts has been an increase in cyclic maintenance, the funding used for routine, preventive maintenance, to keep facilities from gradually falling into disrepair. Funding for cyclic maintenance, $22 million in FY 2002, would increase to $65 million under the FY 2005 request. Other targeted funding increases will protect the improvements achieved with recent investments. For example, the budget contains a base operating increase of $305,000 at Yosemite to help that park reestablish a preventive maintenance program for roads and trails.

In addition to these investments, the National Park Service now has—*for the first time ever*—a system to grade the condition of facilities. Over the last three years, the National Park Service has undertaken a full inventory of its industry-standard assets, determined what their condition is, and identified what repairs or changes in facility management are needed. With a facility management system used by commercial property managers across the nation, the National Park Service now has "grades" for its facilities and other assets. These grades result from what is called a facility condition index (FCI). With this system, the National Park Service can set targets each year to improve facility grades and achieve an overall acceptable condition for facilities. Our management changes will enable the National Park Service to take care of park assets far more effectively and efficiently than in the past.

This is in contrast to earlier National Park Service estimates, cited in a 1998 General Accounting Office report ("Efforts to Identify and Manage the Maintenance Backlog" GAO/RCED-98-143), that the deferred maintenance backlog had more than doubled between 1987 and 1997, to an estimated $4.9 billion. That figure represented just a compilation of desired projects in parks – desires of individual site managers that were not validated by systematic, comprehensive assessments of the true asset conditions or prioritized by NPS.

For many, there is a desire to simplify the issue of the backlog down to one question: "What is the backlog?" We now know that the answer cannot be stated as a static dollar number. Instead, using property management standards, maintenance condition is best defined using a grading system that compares (a) the total cost to completely replace facilities with (b) the total sum of all repairs to put a facility in perfect condition. We can combine that grading system with criteria for determining which facilities are high priorities, what types of improvements are most important to ensure safety and visitor enjoyment, and whether to change the type or scale of a facility as we repair or replace them. These decisions, in combination, give us a roadmap for determining annual resource needs to maintain and manage park facilities. Using this approach, we can determine priorities, set goals, establish funding levels to achieve those goals, and then measure our performance against a baseline set of "grades" and performance goals.

Through our management system, we are answering four basic questions about our facilities. Think of them as "the 4 W's". For each building or other asset, we need to know:

- WHAT is the asset and its management priority?
- WHAT condition is it in?
- WHAT will it cost to improve the asset to acceptable condition?
- WHAT are the long-term costs to maintain that asset?

When I arrived nearly three years ago, we didn't have answers to most of those questions. Under the President's National Parks Legacy Project, we are now well on our way towards knowing those answers, with more work to be done to achieve full implementation of our asset management system by the end of FY 2006.

<u>What is the asset and what is its management priority?</u> *For the first time*, we have a comprehensive inventory of our industry-standard assets – which are mainly buildings, paved and unpaved roads, trails, campgrounds, houses, and water and wastewater plants. *For the first time,* we are using a systematic, interdisciplinary process to set management priorities for our assets on a park-by-park basis.

<u>What condition is it in?</u> *For the first time*, NPS is using a uniform software system at all the parks, so that everyone is collecting and posting information about their assets in the same way. We have done initial condition assessments at all parks, except for four of the most asset-intensive parks (Gateway, Golden Gate, Yellowstone, and the Appalachian Trail), which are all on schedule to be completed by October.

<u>What will it cost to improve the asset to acceptable condition?</u> *For the first time*, we have preliminary estimates of what it will cost to improve the industry-standard assets to acceptable condition. Decisions about what to spend money on will be influenced by management considerations, as well as the condition and priority information.

<u>What are the long term costs to maintain that asset</u>? *For the first time*, we are developing preventive maintenance schedules so that we will know not only <u>how much</u> it will cost

over the long term to maintain those assets, but also <u>when</u> we will need to make investments to avoid having them become part of the deferred maintenance backlog.

We have also made other improvements. For example, we have implemented a systematic prioritization process for line-item construction and repair and rehabilitation projects. We expect to make some changes to incorporate the information we are gathering through the inventory and condition assessment processes. We have conducted significant training across the National Park Service on the use of the facility software and cost-estimating systems and to help facility managers and park superintendents understand the new approach to asset management. We are developing, and anticipate issuing later this year, a new Director's Order on facility management that will bring all of these pieces together.

These efforts create a management culture in which park managers think of assets in terms of lifecycle, so that we avoid past patterns in which we let things deteriorate and then waited for the next significant influx of funding to make repairs. Put another way, we are trying to shift from a series of crash diets to a sustained healthy lifestyle. Our challenge has been as much about management as about money.

Our new approach moves us away from discussions about project lists and aggregate price tags and moves us toward setting goals and measuring accomplishments. Using the industry-standard measure of a facility condition index, we now have a "grade" for the condition of our facilities. Previously, we tracked projects and dollars spent. Now we are going to track change in overall condition – the true measure of performance management.

It is far more important to know, and measure, that our assets are in better condition than to know only that a project was completed. It is for this reason that the President's FY 2005 budget, for the first time, establishes performance goals for NPS facilities. Our funds will target strategic project investments to improve facility conditions. For example, the FY 2005 budget proposes a multi-year effort to restore the historic Old Faithful Inn at Yellowstone National Park. We anticipate that this first phase alone will result in an improvement of nearly 50 percent in the FCI for that building. Under our new system, once this project is completed, we will know when the major components need to be replaced and can program our work so that the preventive maintenance occurs when it should. This approach sustains the life-cycle of the asset. Failure to make those future investments would be evident in a change in the FCI—the "grade" would decline.

The new approach also allows supervisors to prioritize projects, using an asset priority index to show an asset's importance to accomplishing the park mission. We also need to consider health and safety issues, resource preservation requirements, and visitor service needs. With finite resources, National Park Service managers, like all managers of public and private assets, have to make decisions all the time about which assets and which maintenance needs to fund and in what sequence. We are giving managers the necessary tools to make those decisions through a disciplined approach that uses both the FCI and the asset priority index.

Mr. Chairman, I would like to use our homes and how we manage them as an analogy. We all know there is always something that needs to be done to put a house in perfect condition. Our houses inevitably experience deterioration over time, even if we provide the right levels of maintenance. No matter how well we take care of an asphalt shingle roof, it will have to be replaced after about twenty years. This phenomenon is called "component renewal". We can plan for these needs and thus minimize emergencies, and most importantly, limit the scope and the cost of maintenance over time. If we do not replace that roof when we should, other things can go wrong, and before we know it, what started out as a \$5,000 roof replacement is now a \$50,000 rehabilitation project that also encompasses ceilings, walls, and electrical systems. A lack of timely maintenance can lead to more costly repairs.

Based on the work that the Park Service has done to date, we now have key information about the condition of our assets. For example:

- Our trails and campgrounds, while not perfect, are in reasonably acceptable condition. Because of their high public use, this is as it should be.
- Conversely, our wastewater treatment facilities, which are far less visible, meet code but need upgrading.
- Similarly, many parks have paved roads in poor condition and in need of repair.

As a case study to highlight the application of these new tools, we can consider the assets at Shenandoah National Park. The current replacement value for the industry-standard assets (excluding housing) at Shenandoah is $268 million, with the sum of repairs to bring these assets to perfect condition about $62 million. This translates to an average FCI for the park of 0.23. Within this data, we know that the building assets have a current replacement value of approximately $46 million, and the sum of repairs to bring these buildings into perfect condition is a little more than $14 million, which means Shenandoah's building average FCI is 0.31. By comparison, Shenandoah's campgrounds are in much better condition than the buildings in the park – an average FCI of 0.18. Likewise, the trails at Shenandoah are also in acceptable condition – average FCI of 0.09. Thus, in deploying funding at Shenandoah, we would anticipate a greater emphasis on buildings to improve their overall condition. But we also know that not all buildings will require additional funding. For example, the Dickie Ridge Visitor Center has a relatively high priority (asset priority index of 30 out of 40 possible) and an acceptable level FCI (0.10). We will be able to plan and budget the use of cyclic funding to keep this facility in acceptable condition so that the FCI does not worsen.

Using the information about the priority of the assets and the grade of their condition, the National Park Service will be able to apply its maintenance funding to the most important resources needed to protect the park and serve the public.

Finally, information about asset conditions and priorities does not automatically tell us what to spend. These decisions depend upon overall management goals in relationship to visitor enjoyment and resource protection needs. We still need to decide whether to demolish—rather than repair—redundant facilities, for example. We also will face decisions on whether to repair or, instead, upgrade a facility to larger capacity. The decisions will be made by on-the-ground park managers, but they will be more informed decisions, factoring in the information contained in the FCI and the asset priority index. This illustrates again why there is no single price tag for improving park facilities.

Mr. Chairman, this Administration often uses a scorecard approach on program management and accomplishments. Several years ago, NPS would have received a "red" light for its facility management systems. With the progress in recent years, however, the Service has moved to a strong yellow, with a clear path for how we are going to get to green.

This concludes my prepared testimony. I would be pleased to respond to any questions the Committee may have.